GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:85
ANSWERED ON:24.02.2000
RETIRED SERVICE PERSONNEL WORKING AS AGENTS OF ARMS DEALERS
RAMESH CHENNITHALA

Will the Minister of DEFENCE be pleased to state:

(a) whether the Government are aware that many Defence Service Officers become agents of International Arms dealers after retirement;

(b) if so, the details of such cases noticed during the last three years;

(c) whether the Government have ever examined the desirability of this practice;

(d) if so, the details thereof; if not, the reasons therefor; and

(e) the steps being taken to ensure that stringent provisions are included in the service rules of the Defence Officers to effectively prevent this practice?

Answer

THE MINISTER OF DEFENCE

(SHRI GEORGE FERNANDES)

(a) to (e): The Government has taken a note of the allegations made in the Parliament, mediaand other quarters regarding involvement of Defence Service Officers as agents of International Arms dealers after retirement.The existing Government instructions debar the involvement of agents in the procurement of weapons and weapon systems for the Armed Forces. Contracts concluded by the Ministry of Defence stipulate a clause onnon-involvement of agents specifying that in case at a later date agents are found to be involved in a contract, the contract will be liable for termination along with refund of payments made under the contract with interest and blacklisting of the company for a minimum period of five years. The amount paid as commission to the agent will also have to be refunded. The Government has recently requested the Central Vigilance Commission to thoroughly investigate the alleged irregularities in all major defence procurement decisions since the involvement of agents in the procurement of weapons and weapon system was banned by the Government.

An officer of the rank of Colonel and above in Army or equivalent in other Services is required to obtain prior permission from the Government before accepting any commercial employment in the private sector before expiry of two year from the date of his/her release from the Defence Services. Existing provisions on the subject provide that no service or disability pension or other recurring benefit shall be payable to an officer who accepts employment in contravention to the above instructions.